

LEGISLATIVE RESEARCH COMMISSION

AGING



REPORT TO THE 1981 GENERAL ASSEMBLY OF NORTH CAROLINA 1982 SESSION

LEGISLATIVE RESEARCH COMMISSION

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STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
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May 20, 1982

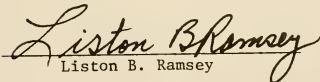
TO THE MEMBERS OF THE 1981 GENERAL ASSEMBLY (1982 REGULAR SESSION):

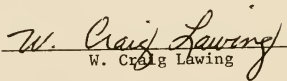
The report of the Legislative Research Commission's Committee on Aging made pursuant to Resolution 61 of the 1981 Session is attached.

The Legislative Research Commission adopts, approves and recommends to the 1982 Regular Session recommendations 2, 4, and 7 of its Committee on Aging contained in this report on pages 4 through 10.

The Legislative Research Commission transmits, for informational purposes only, recommendations 1, 3, 5, and 6 contained in this report.

Respectfully submitted,


Liston B. Ramsey


W. Craig Lawing

Cochairmen

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INTRODUCTION

The Legislative Research Commission, created by Article 6B of General Statutes Chapter 120, is authorized pursuant to the direction of the General Assembly "to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" and "to report to the General Assembly the results of the studies made," which reports "may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations." G.S. 120-30.17. The Commission is chaired by the Speaker of the House and the President Pro Tempore of the Senate, and consists of five Representatives and five Senators, who are appointed respectively by the Cochairmen. G.S. 120-30.10(a). (See Appendix A for a list of the Commission members.)

Pursuant to G.S. 120-30.10(b) and (c), the Commission Cochairmen appointed study committees consisting of legislators and public members to conduct the studies. Each member of the Legislative Research Commission was delegated the responsibility of overseeing one group of studies and causing the findings and recommendations of the various committees to be reported to the Commission. In addition, one Senator and one Representative from each study committee were designated Cochairmen.

By House Joint Resolution 1292 (1981 Session Laws, Resolution 61), the Legislative Research Commission was authorized to continue its study of the problems of aging. In order to accomplish these tasks, Senator Russell G. Walker, as a member of the Legislative Research Commission was appointed to coordinate and oversee the Study on the Problems of Aging. Senator Rachel

G. Gray and Representative Gus N. Economos were appointed to Cochair the Committee. The other members appointed were Senators Robert B. Jordan III and James D. Speed; Representatives Betty Dorton Thomas and Sam L. Beam; and public members D. Monroe Gilmour, Mr. John Denning and Mrs. Helen Jacobs. Public member Mr. Claude H. Farrell was replaced because of death by Dr. Elizabeth Welch. The Legislative Services Office provided staff assistance to the Committee for this study.

The minutes of the Committee meetings reflect the statements and discussions of each meeting. All of this information is included in the Committee files.

BACKGROUND

The problems facing the aged are not new - income, housing, health, transportation - and have not changed. What has changed are the mechanisms provided for dealing with them, and with this change the problems themselves have intensified. For as the extended family and a rural society become phenomena of the past, and increased longevity more commonplace, the aged can no longer rely on traditional means of support and must look elsewhere for assistance. Consequently, Federal and State governments have been increasingly relegated the responsibility of providing solutions. The remedies offered, however, have all too frequently fallen short of accomplishing their ends.

Thus, despite increased government concern and activity, the problems facing the aged remain acute. A partial explanation for the failure of past efforts to significantly alleviate the problems of the aged can, it is true, be found in the very circumstances of aging. With retirement, income becomes drastically reduced; Social Security benefits do not provide sufficient means to maintain the standard of living which was developed throughout the working

career; health problems increase and corresponding medical costs rise; and, finally, inflation eats into savings that have been accumulated. Add to these factors the difficulties created by being a member of a minority group, a woman, or physically handicapped, and the picture becomes even more bleak and the likelihood of poverty in old age more a reality.

In current political climate, inflation, charges of oversized government, and over-taxation are the predominant issues. One of the results of these concerns is questioning the validity of many services targeted at older Americans.

Many persons have begun to consider the Legislative Research Commission's Committee on the Problems of Aging as a major forum for those concerned with aging in North Carolina. This Committee has been devoted entirely to aging, its problems, goals and aspirations. This process began in 1977 with the establishment of a House Committee on Aging. Out of this came the Legislative Research Commission's Committee on the Problems of Aging which began to meet between the two sessions of the 1977 General Assembly and will continue to the 1981 session of the General Assembly.

Therefore, much initial work and background has already been reported. For those interested, this information can be found in The Legislative Research Commission Report to the 1977 General Assembly, Second Session 1978 on Aging, The Legislative Research Commission Report to the 1979 General Assembly on Aging, The Legislative Research Commission Report to the 1979 General Assembly, Second Session 1980 on Aging and The Legislative Research Commission Report to the 1981 General Assembly on Aging. This report will detail only the information gathered by the Committee since the 1980 report.

COMMITTEE PROCEEDINGS

The Legislative Research Commission's Committee on the Problems of Aging held three meetings during the course of its deliberations. Again many groups and persons were heard and many issues were brought to the attention of the Committee. The following section is a compilation of those problems which need immediate attention by the 1981 General Assembly of North Carolina, Second Session 1982.

FINDINGS AND RECOMMENDATIONS

1. CONTINUE THE WORK OF THE LEGISLATIVE RESEARCH COMMISSION'S STUDY OF THE PROBLEMS OF AGING THROUGH AN ADDITIONAL APPROPRIATION BY THE LEGISLATIVE RESEARCH COMMISSION.

The Committee was allocated \$5000 from Legislative Research Commission funds to conduct the business of the Committee. This amount of money was enough for three meetings which were used to develop this report. It is quite evident to the Committee that more time and effort are needed before the beginning of the 1983 General Assembly to further work on the problems of aging and propose possible solutions. The Committee needs to continue to monitor long term care programs and policies and study the work and legislative recommendations of the White House Conference on Aging which directly affect North Carolina aging programs.

2. THE HOUSE FINANCE COMMITTEE SHOULD STUDY AND CONSIDER AT THE EARLIEST POSSIBLE DATE HOUSE BILL 1023 (TAX DEFERRAL

FOR THE ELDERLY AND HANDICAPPED) WHICH IS NOW BEFORE IT AND
PROCEED AS EXPEDITIOUSLY AS POSSIBLE IN REPORTING OUT THIS
BILL WHICH WOULD ESTABLISH A PROPERTY TAX DEFERRAL SYSTEM
IN NORTH CAROLINA. (See Appendix B)

The sharp rise in recent years in property tax liability as well as inflation in mortgage costs, food, home heating fuel, and motor fuel has reduced the percentage of available family income that can be devoted to the property tax. The homestead exemption has provided some relief in this area to the elderly. However, the tight fiscal condition of State and local government has prevented this form of relief from keeping up with inflation.

Another option available that should be considered to remedy the situation with low-income elderly taxpayers where most of the family's assets are tied up in the homestead and they have little cash is some form of property tax deferral system. Under a deferral system certain homeowners are allowed to postpone payment of all or part of their property taxes. A lien is placed on the property and deferred taxes must be paid when the property is sold, given away, or transferred at time of death.

In reviewing the data further it appears that the participation rates are significant in only two states, California and Oregon. The California program is not really large when compared to the state's elderly population and participation dropped by two-thirds after Proposition 13 (June, 1978). Participation depends on a number of factors, including state publicity efforts, degree of encouragement/discouragement by local tax officials, property tax burdens, whether there is an age and/or income limit, and the interest

rate on deferred taxes. If the interest rate is too low, some homeowners will use the option even if they don't need it. In the past many elderly homeowners have not used the program because they do not want a lien on the property; however, recent surveys suggest that this attitude is diminishing. Oregon has a relatively high participating rate of 4%, due to its "marketing" of the program (material included with income tax forms, presentations to senior citizen groups, media appearances).

One advantage of the deferral system is that it directly attacks one of the major defects of the property tax - the cash flow problem. An elderly homeowner could be poor in cash terms even though they may have a reasonable amount of property. A deferral program is beneficial when the state is unable, or unwilling to provide other types of elderly property tax relief. Over the long-run the program is not as costly as other tax relief programs because it is a deferral of taxes instead of an exemption or exemption or exclusion. Finally, the low participation rates keep the cost of the program low while still providing a useful "escape value" in certain cases.

The Committee believes that a number of policy decisions must be made in adopting a deferral system such as:

- (1) Is the program to be restricted to the elderly?
- (2) Should the program be limited by income? If so, should the program be restricted to low-income elderly homeowners?
- (3) Should the deferred taxes be subject to interest payments and if so, how high should the rate be.

(4) Should the program be local-option or not?

(5) Should the state finance the program?

3. AMEND STATE LAW SO THAT NURSING HOME BEDS IN HOSPITALS SHALL BE INCLUDED WITHIN THE NURSING HOME PATIENTS BILL OF RIGHTS.

(See Appendix C)

The Nursing Home Patients Bill of Rights is a result of legislation passed by the 1977 General Assembly. As part of this legislation there was established advisory committees for nursing homes which have been in operation since March 1, 1979. It was the intent that each community in the State should take a more active role in promoting the interest and well being of persons residing in nursing homes. Each county in North Carolina that has a nursing home is now served by a Nursing Home Advisory Committee. This legislation is getting communities involved with nursing homes, increasing public education and working with patients. The Committee has heard nothing but praise for the concrete results of this legislation.

When the original bill was passed only nursing homes that were free standing, i.e. not part of a hospital system, were covered. Nursing homes that were in combination with hospitals were not covered. The Committee believes that the original legislation has produced excellent results for both the patients and the nursing homes. Therefore, the time has come to include all nursing homes within the legislation so that all nursing home patients and facilities will be treated equally.

4. THE GENERAL ASSEMBLY SHOULD RATIFY THE EQUAL RIGHTS AMENDMENT TO THE UNITED STATES CONSTITUTION NO LATER THAN JUNE 30, 1982.

(See Appendix D)

The problems of the elderly are primarily problems of economics and the largest segment of the elderly population is women. Women are 51.5% of the total population and they are the fastest growing poverty group in America. In North Carolina almost two out of every three elderly North Carolinians who are poor are women. The seeds of poverty of older women were sown when they were younger. The lack of marketable skills, low wages, lack of adequate pensions and retirement are primarily the problems of women. Older women who are left with no alternative but to seek work find the going extremely rough. The older women who often faces age discrimination, as well as sexual discrimination in employment, finds her chances of working herself out of poverty nearly impossible. The Committee with its commitment to the elderly believes that the first step to elimination of legal and economic restraints ought and must be the ratification of the Equal Rights Amendment to the Constitution of the United States.

5. THE GENERAL ASSEMBLY SHOULD FUND CHAPTER 1052, 1981 SESSION LAWS, WHICH RAISES THE HOMESTEAD EXEMPTION ASSESSED VALUATION FROM \$7,500 TO \$8,500. (See Appendix E)

One of the major undertakings of the Committee has been to study ways to correct the inequities in the Homestead Tax Exemption Law which have been caused by problems of inflation and property re-evaluation. The 1971 General Assembly passed the property tax homestead exemption giving low income elderly and disabled persons a reduction in property taxes. Until January 1, 1982, the exemption was \$7,500 of assessed valuation for persons who are either sixty five years of age or totally and permanently disabled and whose

income, including social security and pensions, is less than \$9,000. But by Chapter 1052, 1981 Session Laws, the exemption has been raised to \$8,500 of assessed valuation. By the wording of the ratified bill the General Assembly promised to assume the additional costs to cities and counties, but no funds were appropriated to reimburse the cities and counties. Therefore the Committee respectfully reminds and requests the Appropriations Committee and the General Assembly to include this item in the Appropriations Bill for the 1981 General Assembly, Second Session.

6. AMEND STATE LAW TO ELIMINATE MANDATORY RETIREMENT AT AGE 70 FOR PERSONS COVERED UNDER THE STATE EMPLOYEES RETIREMENT SYSTEM.

(See Appendix F)

Many people have contended that mandatory retirement is a cruel anachronism in an era when medical advances allow people to remain active and productive. Congress agreed and so passed the Age Discrimination in Employment Act. At the recommendation of this Committee, the 1979 General Assembly enacted legislation that raised the retirement age for persons covered under the state employees or local government employees retirement system from 65 to 70. Under present state statute G.S. 128-27(a) (2) and G.S. 135-5(a) (2) , a member in service who attains age 70 shall make application for retirement to be effective no later than the first of July coincidence with or next following the 70th birthday. But upon approval of his employer any member may continue in service on a year-to-year basis. Therefore, after age 70 it is discretionary with the employer whether to allow the employee to remain on the job. The Committee recommends that G.S. 128-27(a) (2) and G.S. 135-5(a)(2) be deleted which would remove the mandatory clause requiring retirement

at age 70 by members of the retirement systems.

7. AMEND STATE LAW TO ALLOW AN INCOME TAX DEDUCTION FOR AMOUNTS PAID TO MAINTAIN CEETAIN PARENTS AGED 65 OR OVER. (See Appendix G)

The Committee has examined in its meetings the critical nee for alternatives to institutionalization. People want to be left in their homes and communities. The State should do everything within its power to help our older citizens maintain their independence through fostering any family support systems available. The Committee believes that one way to achieve this goal is through the tax system. At present the tax system allows a tax deduction is this person gives money to a charity but it does not allow a deduction if this person gives money to his parent (if not a dependent) to help this parent remain at home. The proposed bill would allow for such a deduction. Although the tax break is not great, it would make a policy statement by the State that this kind of effort made by children to help their parents i just as important as any other charitable contribution.

The restrictions on the tax deduction include:

- (1) Amount paid to parents will not exceed \$3,000.
- (2) The individual does not take the exemption if the parent or parents are claimed as a dependent.
- (3) The parent or parents are not in an institution.
- (4) The parent's disposable income does not exceed \$9,000.
- (5) The parent or parents are 65 or Older.
- (6)The parent or parents are North Carolina residents.

A P P E N D I C E S

STATE OF NORTH CAROLINA APPENDIX A
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



1981-1983

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

House Speaker Liston B. Ramsey, Jr.	Senate President Pro Tempore
Cochairman	W. Craig Lawing, Cochairman
Representative Chris S. Barker, Jr.	Senator Henson P. Barnes
Representative John T. Church	Senator Carolyn Mathis
Representative Gordon H. Greenwood	Senator William D. Mills
Representative John J. Hunt	Senator Russell Walker
Representative Lara S. Tally	Senator Robert W. Wynne

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



A RESOLUTION REQUESTING THE NORTH CAROLINA HOUSE OF REPRESENTATIVES FINANCE COMMITTEE AND THE NORTH CAROLINA GENERAL ASSEMBLY TO STUDY AND CONSIDER AT THE EARLIEST POSSIBLE DATE HOUSE BILL 1023, 1981 SESSION (TAX DEFERRAL FOR THE ELDERLY AND HANDICAPPED).

WHEREAS, the sharp rise in recent years in property tax liability as well as inflation in mortgage costs, food, home heating fuel has reduced the percentage of family income that can be devoted to the property tax; and

WHEREAS, the homestead exemption has provided some relief for the elderly but has not kept up with inflation; and

WHEREAS, any low income elderly have most of the family assets tied up in the homestead; and

WHEREAS, eleven other states have given relief to the elderly through a property tax deferral system; and

WHEREAS, under a property tax deferral system certain homeowners are allowed to postpone all or a part of their property tax; and

WHEREAS, the Legislative Research Commission's Committee on the Problems of Aging believes that a property tax deferral system is a sound idea to give tax relief to the elderly, but certain details need to be adapted to North Carolina;

NOW, THEREFORE, BE IT RESOLVED by the Legislative Research Commission's Committee on the Problems of Aging that the North Carolina House of Representatives and the North Carolina General Assembly be respectfully requested to study the concept of property tax deferral through House Bill 1023, 1981 Session and proceed as expeditiously as possible in reporting out this bill.

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Chairman of the Finance Committee of the North Carolina House of Representatives, the Lieutenant Governor, the Speaker of the House of Representatives, and the Governor.

A BILL TO BE ENTITLED

AN ACT TO SUBJECT NURSING HOME BEDS IN HOSPITALS TO THE NURSING HOME PATIENTS BILL OF RIGHTS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 130-265(b) is amended by adding the following new language immediately before the period:

", and also means a nursing home operated by a hospital which is licensed under Article 13A of Chapter 131 of the General Statutes."

Sec. 2. G.S. 130-264 is amended by adding the following new language immediately before the period at the end of the first sentence:

", and patients in a nursing home operated by a hospital which is licensed under Article 13A of Chapter 131 of the General Statutes."

Sec. 3. G.S. 130-274 is amended by redesignating the existing section as subsection (a), and adding a new subsection:

(b) In the case of a nursing home operated by a hospital which is licensed under Article 13A of Chapter 131 of the General Statutes, when the Department of Human Resources finds that there has been a substantial failure to comply with the provisions of this article, it may issue an order preventing the continued operation of the home.

Such order shall be effected by mailing to the hospital by registered or certified mail, or by personal service of, a notice setting forth the particular reasons for such action. Such order shall become effective 20 days after the mailing of the notice, unless the hospital, within such 20-day period, shall give written notice to the Department of Human Resources requesting a hearing, in which case the order shall be deemed to be suspended. If a hearing has been requested, the hospital shall be given a prompt and fair hearing pursuant to the Administrative Procedure Act. At any time at or prior to the hearing, The Department of Human Resources may rescind the order upon being satisfied that the reasons for the order have been or will be removed."

Sec. 4. This act shall become effective January 1, 1983.

ST: Equal Rights Amendment

Public

A BILL TO BE ENTITLED

AN ACT TO RATIFY THE PROPOSED EQUAL RIGHTS AMENDMENT TO THE
UNITED STATES CONSTITUTION.

The General Assembly of North Carolina enacts:

Section 1. The following amendment to the United States Constitution, proposed by the 92nd Congress of the United States, is hereby ratified by the North Carolina General Assembly:

"ARTICLE ____.

"Section 1. Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex.

"Sec. 2. The Congress shall have the power to enforce, by appropriate legislation, the provisions of this Article.

"Sec. 3. This amendment shall take effect two years after the date of ratification."

Sec. 2. The Governor shall send certified copies of this act to the Administrator of General Services, Washington, D.C., the President of the Senate and the Speaker of the House of Representatives of the United States Congress.

Sec. 3. This act is effective upon ratification.

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
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APPENDIX E



A RESOLUTION REQUESTING THE NORTH CAROLINA GENERAL ASSEMBLY
TO FUND CHAPTER 1052, 1981 SESSION (H.B. 5)

WHEREAS, the problems of inflation and property taxes have caused severe problems to the low income elderly in remaining in their own homes; and

WHEREAS, the 1971 General Assembly passed the property tax homestead exemption giving low income elderly and disabled persons a reduction in property taxes; and

WHEREAS, until January 1, 1982 the exemption was seventy-five hundred (\$7500) of assessed valuation for persons who are either sixty-five years of age or totally and permanently disabled and whose income including social security and pensions is less than nine thousand (\$9000); and

WHEREAS, by Chapter 1052, 1981 Session Laws the exemption is raised to eighty five hundred (\$8500) of assessed valuation for persons who are either 65 years of age or totally and permanently disabled and went into effect January 1, 1982; and

WHEREAS, Chapter 1052, 1981 Session Laws promised to assume the additional costs to the cities and counties, but the General Assembly has appropriated no additional funds to reimburse the cities and counties;

NOW, THEREFORE, BE IT RESOLVED by the Legislative Research Commissions' Committee on Aging that the Appropriations Committee of the North Carolina General Assembly be informed and respectfully requested to recommend funding of the cost to the counties and cities of Chapter 1052, 1981 Session Laws in the 1982 Session of the 1981 General Assembly.

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Chairmen of the Appropriations Committees, the Lieutenant Governor, and Speaker of the House of Representatives, and to the Governor.

A BILL TO BE ENTITLED
AN ACT TO ELIMINATE MANDATORY RETIREMENT AT AGE 70 FOR PERSONS
COVERED UNDER THE STATE EMPLOYEES OR LOCAL GOVERNMENT
EMPLOYEES RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

Section 1. G.S. 128-27(a)(2) and G.S. 135-5(a)(2)
are repealed.

Sec. 2. This act shall become effective
January 1, 1983.

A BILL TO BE ENTITLED

AN ACT TO ALLOW AN INCOME TAX DEDUCTION FOR AMOUNTS PAID TO
MAINTAIN CERTAIN PARENTS AGED 65 OR OVER.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-147 is amended by adding a new subsection to read:

"(28) Amounts paid, not to exceed three thousand dollars (\$3,000), for the maintenance and care of the individual's parent or parents.

If the individual makes payments for the maintenance and care of one parent, the individual may take this deduction only if:

- a. the individual does not take an exemption for the parent under G.S. 105-149(a)(5);
- b. the parent is not in a public or private institution;
- c. the parent's disposable income, as defined in G.S. 105-277.1(b)(2), does not exceed nine thousand dollars (\$9,000);
- d. the parent is aged 65 or older; and
- e. the parent is a North Carolina resident.

If the individual makes payments for the maintenance and care of both parents, the individual may take this deduction only if:

- a. the individual does not take an exemption for either parent under G.S. 105-149(a) (5);
- b. neither parent is in a public or private institution;
- c. the parents' combined disposable income, as defined in G.S. 105-277.1(b) (2), does not exceed nine thousand dollars (\$9,000);
- d. at least one parent is aged 65 or over;
and
- e. both parents are North Carolina residents."

Sec. 2. This act is effective for taxable years beginning on and after January 1, 1982.

